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and Starwood ESH, L.L.C.*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:
	:
EXTENDED STAY INC., <u>et al.</u>,	:
	:
Debtors.	:
	:
----- X	

Chapter 11
Case No. 09-13764 (JMP)
(Jointly Administered)

**RESERVATION OF RIGHTS BY STARWOOD WITH RESPECT TO DEBTORS'
MOTION FOR ENTRY OF AN ORDER PURSUANT TO SECTIONS 105(a) AND 363
OF THE BANKRUPTCY CODE APPROVING BIDDING PROCEDURES AND NOTICE
OF THE AUCTION RELATING THERETO AND GRANTING RELATED RELIEF**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

Debt-U ESH, L.P. ("Debt-U"), Debt II ESH, L.P. ("Debt II"), and Starwood ESH,
L.L.C. ("Starwood ESH" and collectively with Debt-U and Debt II, "Starwood"),¹ by and through
their undersigned counsel, hereby file this reservation of rights (the "Reservation of Rights") with

¹ Affiliates of Starwood Capital Group, Five Mile Capital II SPE ESH LLC and TPG Capital L.P. (collectively, the "Starwood Consortium") formed a consortium with the objective of developing a plan of reorganization to maximize returns to certificate holders of the \$4.1 billion mortgage loan (the "Certificate Holders"), the lenders of \$3.3 billion in mezzanine debt (the "Mezzanine Lenders") and the other unsecured creditors in these cases.

respect to the motion of the above-captioned debtors and debtors in possession (the “Debtors”) for entry of an order pursuant to sections 105(a) and 363 of the Bankruptcy Code approving bidding procedures [Docket No. 946] (the “Motion”). In support of the Reservation of Rights, Starwood respectfully states as follows:

RESERVATION OF RIGHTS

1. Starwood received proposed revised bidding procedures from the Debtors late last night. Starwood has not yet received from the Debtors the final form of proposed bidding procedures, such revised bidding procedures have not yet been filed with the Court, and such revised bidding procedures have not yet been noticed to all parties in interest in these cases. Therefore, Starwood expressly reserves any and all rights to raise objections, if any, to the proposed bidding procedures at the hearing to be held on April 22, 2010, including, without limitation, an objection as to notice and a request for the continuance of the hearing.

NOTICE

2. No trustee has been appointed in these chapter 11 cases. Starwood served notice of this Objection in accordance with the procedures set forth in the order entered on July 17, 2009 governing case management and administrative procedures for these cases [Docket No. 176] on (i) the Debtors; (ii) the U.S. Trustee; (iii) the attorneys for the statutory creditors’ committee appointed in the Debtors’ chapter 11 cases; and (iv) the attorneys for the Special Servicer and Successor Trustee. Starwood submits that no other or further notice need be provided.

WHEREFORE, Starwood respectfully requests that the Court grant it such relief as deemed appropriate.

Dated: April 21, 2010
New York, New York

GREENBERG TRAURIG, LLP

By: /s/ Gary D. Ticoll
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